CITY OF SAN ANTONIO

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Interim City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the San Antonio Public Library Operational Audit.

City Management and the San Antonio Public Library's (SAPL) Director have reviewed the audit report for the SAPL Operational Audit. and herein is a Corrective Action Plan for the recommendations. Having an objective review of the Library's operations has resulted in better information for management to develop operating strategies for the future that will improve the efficiency and effectiveness of operations.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
	Detailed Report				
A	**Cash Handling and Oversight**				
A.1	**Improve and monitor cash handling and reporting procedures**	4	Accept	Kathy Donellan, Fiscal Planning Manager	6/30/2007
A.2	**Improve Imprest Fund accountability**	5	Accept	Kathy Donellan, Fiscal Planning Manager	6/30/2007
A.3	**Improve accountability for vending machine change funds and revenue**	6	Accept	Louis Lares, Fiscal Officer	3/31/07
A.4	**Update formal policies and procedures, as well as application user manuals**	6	Accept	Mark Gretchen Assistant Director for Public Service	12/31/07

		Recommendation			
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	The Library Director should implement and/or update formal written polices and procedures, specific job procedures, and the Library's Administrative Directives to ensure City funds are properly safeguarded and accounted for properly. Policies and procedures should specifically address the following: • Performing cash handling activities regarding change funds, Imprest Funds, and System revenue • Providing Fiscal Office oversight (i.e., close monitoring of branch cash receipting activities) and periodic cash counts • Restricting cash drawer access to the custodian and vending machine funds to Fiscal Office staff • Reconciling change funds and vending machine revenue against meter readings and production reports • Counting vending machine funds when servicing the machines • Coordinating with the vendor to reset vending machine meters when servicing the machines • Current Millennium operating procedures In addition, the Library Director should work with the Finance Department to reconcile the Imprest Funds allocated to the System. A master list, containing each fund type, amount, location and the custodian, should be created to ensure proper accountability. This perpetual list should be reviewed and agreed with the Finance Department's records by fund type and amount.	6			

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Action plan:

A.1

- The Library's L.A.D. regarding cash handling will be reviewed and revised, including job specific assignment of duties.
- An MCR log will be established in the Fiscal Office in addition to the records kept by the Finance Department. A written procedure regarding the use of MCR books will be written and shared with Staff.
- A procedure will be written to document the correct steps for daily cash receipting, including cash refunds, donations, voiding and overring practices and the "z out" process.
- A work group will be established to assess the procedure, capital and staff investment required to reconcile Millennium to the cash registers and to assess a long term project to interface Millennium, SAP and the cash registers. At the conclusion of the team's work, any necessary budget requests will be submitted at the next available opportunity.
- All safe combinations will be changed during the months of February, 2007 and March, 2007. The new codes will be limited based on job title.
- The physical location of safes will be evaluated and changed if necessary and practicable. The location in which staff is doing a cash count will be evaluated and changed if necessary and practicable.
- The Fiscal Planning Manager will coordinate with the Department's Training Coordinator to establish a curriculum and training plan to retrain staff on all procedure or policy changes related to financial functions.

A.2

- A physical count of all imprest funds will be redone by the Fiscal Officer. All imprest funds will be reconciled by the Fiscal Officer and correctly reflected on SAP. A master list of all information related to the imprest fund will be maintained by the Fiscal Officer in the Fiscal Office. The Fiscal Officer will be responsible for making a quarterly presentation of the master list to the Fiscal Planning Manager.
- The Fiscal Officer will prepare a written procedure and documentation forms for auditing the imprest funds, including a schedule.

The Fiscal Officer will conduct periodic audits of the imprest fund

A.3

- A final evaluation of the coin boxes associated with the CMS system will be made and a recommendation will be given to the Assistant Director of Public Services regarding their viability.
- The current process, which was revised after the conclusion of the Auditor's interviews, to count and reconcile the change machine contents will be documented as a formal procedure.

A.4

A staff committee consisting of the Technical Services Coordinator, Central Library Circulation Manager, Central Library Administrator, and both Branch Coordinators began revising the LADs in November 2006. They are incorporating feedback from Branch Managers and other staff. The circulation LADs will be completed first and will be forwarded to Library Administration no later than May 2007. Once approved, they will be posted for staff on the SAPL Intranet, and copies will be distributed to all locations.

A procedures manual for specific tasks is also planned, and should be completed by December 2007. This will also be posted on the SAPL Intranet and copies will be distributed to all locations.

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B	**Safety Concerns**				
B.1	**Monitor carbon monoxide levels in work areas and the loading dock**	7	Accept	Rich Walker, Project Control Manager	04/30/07
	The Library Director should implement policies and procedures to ensure that regular monitoring of carbon monoxide levels is performed in the basement's hallways and work areas in accordance with OSHA regulations. A proper ventilation system should be in place, which includes functional exhaust and forced air fans to assist in preventing diesel fumes from entering the building.				
	<u>Action plan</u>:				
	• Arrange for an assessment of the loading dock area by Environmental Services Dept. and implement recommedations as required. • Re-install Carbon Monoxide detector following testing and calibration. • Write procedures to assign and schedule periodic testing of loading dock equipment.				
C	**Processing Library Materials**				
C.1	**Prepare purchase orders when ordering library materials**				
	The Library Director should ensure that purchase orders are prepared at the time materials are ordered. Encourage the internal departments involved in the collection development process to meet with the vendors to implement an efficient process that will satisfy the operational needs of everyone involved.	8	Partially Accept	Elizabeth Bermel Central Library Administrator	See below

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	Action plan: The Library Department has had extensive discussions with other oversight City Departments to implement a process that exercises appropriate controls given the level of risk. As required in the Library's Major Vendor contracts, the vendors must interface with Millennium Acquisitions. Millennium Acquisitions issues a purchase order at the time of ordering. This purchase order includes specific information, including titles, quantities, list price and appropriate value-added services. These purchase orders are used to reconcile orders against materials received and are then reflected on SAP. Currently, unauthorized purchases are guarded against by having specific staff members handling the ordering **(Collection Development staff and Serials & Acquisitions Manager)** and entry of orders on SAP **(Accounting Team – Acquisitions)** according to designated roles. All workflow processes for the approval of purchase orders are followed on SAP. The Library will implement a sampling process to reconcile orders to goods received to make sure the appropriate discounts are being charged and the appropriate materials are being received. This change is based on the level of risk identified by the auditors (i.e. a loss of $91 per 1% of orders). In addition, the Library Department staff will investigate the cost and feasibility of creating an interface between the Library's ordering system, Millennium Acquisitions, and the City's financial system, SAP. If it is feasible to create such an interface and the cost is warranted given the risk, the Library will request funding in the next budget cycle to implement the project. The action steps associated with the feasibility study and, if possible, implementation are: 1. Based on sampling procedure, assess the level of risk with the current process. **Charlotte Balusek / Completion date: 4/30/07** 2. Continue discussions with Houston Public Library regarding their project to interface Millennium and SAP. **Martha Knott/Robert Beebe / Completion date: 12/31/07** 3. Attend Millennium training in Feburary, 2007 to identify any process improvements that Innovative Interfaces, Inc. (the vendor that provides Millennium) has with regard to this issue. **Martha Knott/Robert Beebe/Charlotte Balusek / Completion date: 2/28/07** 4. Establish a work group of Library Managers and conduct the Millennium/SAP interface feasibility study and, if appropriate, an implementation plan. **Kathleen Donellan/Martha Knott/Robert Beebe/Charlotte Balusek / Completion date: 12/31/07** 5. If the project is deemed necessary, request funding in the budget process. **Kathleen Donellan**				
C.2	**Establish a receiving function and improve library materials processing**				

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	The Library Director should establish a receiving function and assign responsibility to an individual for receiving and verifying library materials. Specifically, the Library Director should examine the processes related to processing library materials to identify a more efficient and timely method of getting the items unpacked and on the library shelves. Shipments of library materials should be verified immediately and invoices stamped upon receipt to identify any discrepancies. Accordingly, the Library Director should implement formal policies and procedures that ensure adequate controls are in place to secure and distribute library materials to the appropriate staff and library branches. **Action plan:** • Physically establish receiving room by 05/31/07 • Receiving room position posted by 04/30/07 • Receiving and tracking policies in place to insure materials are verified and secure by 05/31/07 • Investigate additional staffing levels in time for 08 budget request. • Request a System Wide Receiving Position in the 08 Budget. • Enlarging Media lockup cage will be part of reconfiguring receiving room 05/31/07	8	Accept	Rich Walker, Project Control Manager	05/31/07
C.3	**Provide adequate equipment and resources for delivering library materials** The Library Director should implement formal policies and procedures to establish a safe working environment, effective communication channels with employees, adequate staffing and workloads, and adequate delivery tools and resources. In addition, examine and implement more efficient loading and unloading processes by centrally locating materials for delivery and distribution from the Central Branch. Also, work with the library branches to designate a convenient parking space for deliveries.	9	Accept	Rich Walker, Project Control Manager	05/31/07
	Action plan: • Prepare request for FY 2008 Budget to include additional driver position, vehicle and operating costs. • Investigate centralizing delivery pick-up location by April '07 for possible inclusion in FY 2008 budget. • Investigate possible lift mechanism for installation on trucks by April '07 for possible inclusion in FY 2008 budget • Investigate possible solutions for Branch delivery zones and how it would impact public parking.				
D	**Information Technology Management**				
D.1	**Improve Millennium's access controls and reporting functionality**				

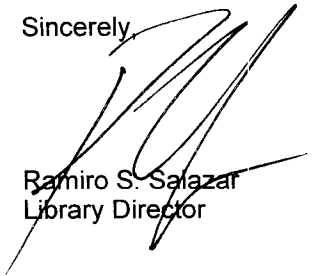|		Recommendation				
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	The Library Director should implement logical access controls so that the duties of Circulation staff are adequately segregated. Employees that approve adjustments should not be allowed to adjust patron accounts or record transactions. A log of the Administrator's activities should also be printed and reviewed by the Systems Manager for appropriateness. In addition, to strengthen the Millennium, the Library Director should work with Innovative Interfaces, Inc., Millennium's software vendor, to implement configuration improvements that will allow daily reporting of adjustments to be used for monitoring and reconciling daily cash receipts. **Action plan:** The Library's formal policies (LADs) are currently being updated, and they will address adjustments as well as authorize designated personnel to make such adjustments. Staff will be assigned individual logons and passwords to Millennium, with specific permissions, thereby limiting the number of staff members authorized to make adjustments. In doing so, we will be able to generate reports and track adjustments by staff member. In addition, the Library will assign each computer terminal a unique identifier, thus allowing the Library to track adjustments by terminal as well. Since an account adjustment is not a two-step process in Millennium, limiting the number of individuals who are authorized to make adjustments and reviewing their transactions on a regular basis are our only options. A log of the Technical Services Coordinator's activities will be printed monthly and reviewed by the Central Library Administrator. Work has already begun to create daily adjustment reports for monitoring purposes. In February 2007, trainers from Innovative Interfaces, Inc. will conduct further training the Central Library to better utilize this function.	10	Partially accept	Elizabeth Bermel/Central Library Administrator	6/1/07

D.2   Implement information technology improvements

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	The Library Director should assess the System's IT infrastructure vulnerabilities and threats to create and implement a formal business continuity plan that will enable the System to timely respond to an interruption of critical functions, manage continual upgrading and replacement of software and hardware, and ensure proper off-site storage of data back-up. Plans should include specific procedures on how to check-out materials, look up patron records, and provide reference information during power outages or downtime. Also, the Library Director should maintain back-up data at an off-site storage facility. Consideration should also be given to the storage facility's security and disaster recovery policies. **Action plan:** • The Information Technology team will perform a risk analysis on the current IT infrastructure. • A scope of work and risk evaluation will be developed as a guide for an independent consultant to draft an Information Technology Disaster Recovery plan. These consultant services will be paid for with Alamo Area Library System grant funds. • A technology operations contingency plan will be developed as part of the Disaster Recovery plan. • The fiscal year 2007 General Fund technology allotment will be used to replace 36 public computers by priority of age. • SAPL will outline a computer replacement schedule. • The San Antonio Public Library will request funding for the replacement of 260 computers as part of the FY 2008 budget request. • The ITSD department has identified 165 dated staff computers that they will replace. • The retirement of dated computers will result in the retirement of dated software versions, thus establishing the COSA standard of year 2000 software and newer. • Computer replacements will result in more efficient customer service. • Options concerning secure offsite storage of back-up data are currently being evaluated.	10	Accept	Ray Fraga, Information Technology Manger	08/31/2007
E	**Equipment and Supply Inventory Management:**				
E.1	**Implement inventory controls for monitoring fixed assets and equipment** The Library Director should implement annual inventory and certification procedures so that Administration can tag, track, and monitor the Library System's fixed and controlled assets in compliance with the City's fixed asset policy.	12	Accept	Rich Walker, Project Control Manager	12/31/07

Recommendation					
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	Action plan: • Write and implement procedures for monitoring and tagging fixed and controlled assets as required by City Policy by 04/30/07 • Retro-actively apply policies to tag un-inventoried assets by 12/31/07				
E.2	**Implement custodial and maintenance supply inventory procedures** The Library Director should implement formal inventory procedures that will secure and track movement of supply inventory, and ensure that duties are separated so that one individual is not responsible for performing all inventory management functions.	12	Accept	Rich Walker, Project Control Manager	4/30/07
	Action plan: • Write procedures for receiving and distributing custodial supplies to branches by 04/30/07 • See section B.2 regarding establishing secured area for supplies • Distribution of custodial supplies will be based on historical usage • Delays in receiving supplies from Stenson Field requires appropriate levels of supplies.				

The Director appreciates the City Auditor's comments and is committed to addressing the recommendations in the audit report and the plan of action presented.

Sincerely,

Ramiro S. Salazar
Library Director

Frances A. Gonzalez
Assistant City Manager